

CHARGE SHOWN ON THE BILL	BREAKDOWN OF THE CHARGES SHOWN ON THE BILL												
	CATEGORY	INDIVIDUAL CHARGE	DESCRIPTION	R1 Rates ²		R1 Rates ²		R2 Rates ³					
				(billed bimonthly)		Average Demand ⁴ under 50 kW (billed bimonthly)		Average Demand ⁴ over 50 kW (billed monthly)					
				Code Type on Bill: RB, RR, or RS	Code Type on Bill: GD, GN, GR, GX, GY, GZ, UD, UX, UY, UZ	Code Type on Bill: GA, GB, GC, GE, GF, GG, GW,							
				Threshold	Price	Threshold	Price	Threshold	Price				
Electricity	Standard Supply Service (SSS): You are on "Standard Service Supply" if you buy electricity from API instead of a licenced electricity retailer. It is billed on the Regulated Price Plan (RPP) ¹ . API remits the entire charge to the Independent Electricity System Operator (IESO) for it to pay the generators.	Electricity Charge	<p>The Regulated Price Plan (RPP)¹ splits the charge for electricity into two tiers. The consumption in the first tier (the conservation threshold) is billed at a lower rate in order to encourage conservation of electricity. The number of kilowatt-hours in the first tier changes between winter and summer. It is <u>prorated based on a 360-day cycle</u> compared to the number of days in the actual billing period. Any consumption over the conservation threshold is billed at the higher second tier rate. <u>The adjustment factor⁵ is applied to each tier of consumption.</u></p> <p>(Contact your retailer for the rates applicable to this charge if you signed a contract for electricity. API collects the contract amount instead of the RPP charge and remits it to the retailer.)</p>	Nov. 1/11 - Apr. 30/12 (winter)									
				2,000 kWh bimonthly	\$0.071 per kWh	1,500 kWh bimonthly	\$0.071 per kWh	750 kWh monthly	\$0.071 per kWh				
				all add'l kWh	\$0.083 per kWh	all add'l kWh	\$0.083 per kWh	all add'l kWh	\$0.083 per kWh				
				May 1/11 - Oct. 31/11 (summer)									
				1,200 kWh bimonthly	\$0.068 per kWh	1,500 kWh bimonthly	\$0.068 per kWh	750 kWh monthly	\$0.068 per kWh				
				all add'l kWh	\$0.079 per kWh	all add'l kWh	\$0.079 per kWh	all add'l kWh	\$0.079 per kWh				
								<i>Based on metered consumption, increased by the adjustment factor⁵</i>		<i>Based on metered consumption, increased by the adjustment factor⁵</i>		<i>Based on metered consumption, increased by the adjustment factor⁵</i>	
Delivery	Distribution Costs: These are the costs that Algoma Power incurs in delivering electricity to a home or business. Along with the SSS administration fee, they are the only charges retained by API, and are used to run a safe, efficient operation and maintain its distribution system. All other charges are remitted to the appropriate authorities.	Service Charge	This charge covers API's administrative costs (such as meter reading, billing, customer service, and maintenance of accounts) that do not change with the amount of electricity used.	\$41.84 bimonthly <i>Fixed charge prorated based on a 60-day cycle</i>		\$41.84 bimonthly <i>Fixed charge prorated based on a 60-day cycle</i>		\$596.12 monthly <i>Fixed charge prorated based on a 30-day cycle</i>					
		Smart Meter Funding Adder	This charge spreads the cost of implementing smart meters over a number of years, rather than increasing rates by the full cost of the project once the final costs are known.	\$2.00 bimonthly <i>Fixed charge prorated based on a 60-day cycle</i>		\$2.00 bimonthly <i>Fixed charge prorated based on a 60-day cycle</i>		\$1.00 monthly <i>Fixed charge prorated based on a 30-day cycle</i>					
		Distribution Volumetric Charge	This charge reflects the costs involved in delivering the electricity from API to a home or business. It includes the cost of designing, building, and maintaining wires, transformers, poles, and stations, as well as operating API's system.	\$0.0338/kWh <i>Based on metered consumption</i>		\$0.0338/kWh <i>Based on metered consumption</i>		\$4.7679/kWh <i>Based on the higher of kW and 90% of kVA demand</i>					
		Transformer Allowance	This is a credit given to customers who own their own transformer and have metered demand (codes GA, GB, GE, GG).	n/a		n/a		(\$0.60/kWh) <i>Based on the higher of kW and 90% of kVA demand</i>					
		Transmission Costs: These are the costs of delivering electricity from generation stations to API along the high voltage provincial transmission system.	Network Service Charge	This charge covers the cost of delivering the electricity from the generating stations to API's distribution system over the high voltage transmission lines.	\$0.0057/kWh <i>Based on metered consumption, increased by the adjustment factor⁵</i>		\$0.0057/kWh <i>Based on metered consumption, increased by the adjustment factor⁵</i>		\$2.1218/kWh <i>Based on kW demand</i>				
	Line and Transformation Connection Service Charge	This charge covers the costs API incurs in connecting with the transmission lines, as well as the cost of transforming the electricity from the high voltages used in the bulk transmission system to lower distribution voltages.	\$0.0047/kWh <i>Based on metered consumption, increased by the adjustment factor⁵</i>		\$0.0047/kWh <i>Based on metered consumption, increased by the adjustment factor⁵</i>		\$1.6634/kWh <i>Based on kW demand</i>						

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Regulatory Charges	Wholesale Market Service Charge: These are the costs of administering the wholesale electricity system and operating and maintaining the reliability of the provincial power grid, as well as costs for Ministry of Energy and Infrastructure conservation and renewable energy programs.	Wholesale Market Service Charge	This charge covers the cost of services provided by the Independent Electricity System Operator (IESO). The IESO operates Ontario's competitive electricity market, where electricity is bought and sold. This charge also includes a 0.13 cent per kWh charge for Rural and Remote Rate Protection, which all customers pay to offset the higher cost of distributing electricity to consumers in rural and remote areas of Ontario.	\$0.0065/kWh <i>Based on metered consumption, increased by the adjustment factor⁵</i>	\$0.0065/kWh <i>Based on metered consumption, increased by the adjustment factor⁵</i>	\$0.0065/kWh <i>Based on metered consumption, increased by the adjustment factor⁵</i>
	Standard Supply Service Administration Charge	Administration Charge	This charge covers the administrative costs incurred by API in providing electricity to Standard Supply Service customers.	\$0.50 bimonthly <i>Fixed charge prorated based on a 30-day cycle</i>	\$0.50 bimonthly <i>Fixed charge prorated based on a 30-day cycle</i>	\$0.25 monthly <i>Fixed charge prorated based on a 30-day cycle</i>
Debt Retirement Charge	Debt Retirement Charge: The Ontario Ministry of Finance set up this charge to pay down the residual stranded debt of the former Ontario Hydro. It is managed by the Ontario Electricity Financial Corporation, an Ontario crown corporation. It will end when the stranded debt is paid off.	Debt Retirement Charge	This charge pays down the former Ontario Hydro's debt of approximately \$20 billion. It is \$0.007 per kWh for most customers in Ontario. However, it has been reduced to \$0.002 per kWh for customers of Algoma Power, as historically its predecessor, Great Lakes Power Limited, supplied most of the power to its customers from its own generation. It doesn't apply to people with status cards and living on First Nation reserves.	\$0.0020/kWh <i>Based on metered consumption</i>	\$0.0020/kWh <i>Based on metered consumption</i>	\$0.0020/kWh <i>Based on metered consumption</i>
Global Adjustment	Global Adjustment (Note: This appears only if you buy from an electricity retailer. If you buy electricity under the RPP, an estimate of this amount is already reflected in the electricity price, so you will not see it on the bill.)	Global Adjustment	The Global Adjustment varies in amount, and may be a charge or a credit. It is your share of the net adjustments for the difference between the market price and rates paid to both regulated and contracted generators, and the Ontario Power Authority's agreements with generators and suppliers of conservation services. It was previously known as the Provincial Benefit.	price/kWh varies month to month <i>Based on metered consumption, increased by the adjustment factor⁵</i>	price/kWh varies month to month <i>Based on metered consumption, increased by the adjustment factor⁵</i>	price/kWh varies month to month <i>Based on metered consumption, increased by the adjustment factor⁵</i>

¹ **Regulated Price Plan (RPP):** Actual market prices for electricity are volatile, fluctuating up and down every hour. The Ontario Energy Board (OEB), the regulator of the Ontario electricity industry, created the Regulated Price Plan to smooth this pricing and reduce the exposure of low volume consumers to such frequent, sometimes drastic, fluctuations. There are two RPP pricing structures, both with the goal of encouraging conservation. One is priced in two tiers, with the first tier having a lower price per kWh. The other is time of use (TOU), which has different prices for three different time periods. On-peak has the highest price, off-peak has the lowest price, and mid-peak is priced in between. TOU pricing won't come into effect for API customers until mid-2012. The prices, times, and thresholds are set by the OEB. API uses them to bill eligible customers for the electricity that they use. Every six months, in May and November, the OEB may adjust the prices as required, based on a forecast of future electricity prices, actual past prices, and other factors.

² **R1 Rates:** Apply to services with a demand of fewer than 50 kW, occupied as a residence continuously for at least eight months of the year. Where the residential premises are located on a farm, other farm premises associated with the residential electricity meter are included. The definition also includes services treated as residential-rate class customers under Ontario Regulation 445/07.

³ **R2 Rates:** Apply to services treated as residential-rate class customers under Ontario Regulation 445/07 that have a demand of greater than 50 kW.

⁴ **Demand:** The total amount of power required to meet the highest rate of a customer's energy usage at one time during the billing period; billed in kW.

⁵ **Adjustment Factor:** When electricity is transported through electrical equipment, such as wires and transformers, resistance causes some energy to be converted to heat, which is lost to the environment. In other words, some of the electricity supplied by generators does not reach consumers. API must buy more electricity than its customers actually use. The adjustment factor accounts for these losses. The adjustment factor is **7.55%** if the service is metered on the primary side of the transformer (codes GA, GC, GE, GX, GZ, UX, UZ), or **8.64%** if it is metered on the secondary side.